



Piramal Finance Limited

(Formerly known as Piramal Capital & Housing Finance Limited)

DIVIDEND DISTRIBUTION POLICY

OF

PIRAMAL FINANCE LIMITED

(Formerly known as Piramal Capital & Housing Finance Limited)

[Effective Date: September 24, 2025]

1. Regulatory Framework

The Dividend Distribution Policy (hereinafter referred to as the 'Policy') has been drafted in accordance with the provisions of Section 123 of the Companies Act, 2013 ('the Act'), Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Scale Based Regulations).

2. The financial parameters that shall be considered while declaring dividend

The dividend pay-out decision of the Board of Directors of the Company ('Board') depends upon the following financial parameters:

- i. Cash flow position of the Company
- ii. Accumulated Reserves
- iii. Transfer to Statutory Reserves as per RBI Guidelines
- iv. Transfer to Debenture Redemption Reserves
- v. Profit earned during the year and available for distribution
- vi. Earnings Per Share (EPS)
- vii. Likelihood of crystallization of contingent liabilities, if any
- viii. Cost of external financing
- ix. Past dividend payout ratio / trends
- x. Capital Adequacy Ratio and leverage

These are general indicative financial parameters. While declaring dividend, the Board may consider other financial parameters, if required.

3. Internal and external factors that shall be considered for declaration of dividend

Internal factors:

- i. Business Growth
- ii. Capital expenditure requirement
- iii. New business expansion, acquisitions
- iv. Additional investment in subsidiaries and associates of the company
- v. Upgradation of technology and physical infrastructure
- vi. Financial parameters referred to above.

External factors:

- i. Economic environment
- ii. Capital markets
- iii. Industry outlook
- iv. Statutory provisions and guidelines
- v. Changes in tax structure applicable on dividend both for Company and shareholders

The Board may consider other internal and external factors as deemed necessary while deciding dividend declaration.

4. Other factors that shall be considered for declaration of dividend

The Board shall, while considering the proposal for declaration of dividend, take into account:

- i. Supervisory findings of the RBI on divergence in classification and provisioning for Non-Performing Assets ('NPAs')
- ii. Qualifications in the Auditors' Report to the financial statements
- iii. Long term growth plans of the Company
- iv. Total dividend for the financial year does not exceed the ceilings specified in Annexure and mandated by RBI

The Board shall ensure compliance with the provisions of RBI Scale Based Regulations including minimum prudential requirements, quantum of dividend payable, and reporting requirements while declaring dividend.

5. Circumstances under which the Shareholders of the Company may or may not expect Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board:

- i. Proposed expansion plans requiring higher capital allocation
- ii. Decision to undertake any acquisitions, merger, joint ventures, etc. which requires significant capital outflow
- iii. Requirement of higher working capital for the purpose of business of the Company
- iv. Proposal for buy-back of securities or other corporate actions
- v. In the event of loss or inadequacy of profit

However, the final decision for declaring dividend vests with the Board, who may, decide to declare dividend despite existence of the above circumstances. However, the Board shall ensure compliance with legal and regulatory requirements including those prescribed under RBI Scale Based Regulations.

6. Utilization of Retained Earnings

The Board may retain its earnings in order to make better use of the available funds and/or increase shareholder value. The decision of utilization of the retained earnings of the Company will be based on the following factors:

- i. Business Growth
- ii. Diversification, merger and acquisitions
- iii. Buyback of shares, issue of bonus shares
- iv. Repayment of debt
- v. Meeting contingency plans
- vi. Capital expenditure and working capital requirements

The Board may also consider other factors, as deemed necessary, while deciding the basis for profits that will be retained in the business.

7. Parameters that shall be adopted with regard to various classes of shares

Since the Company has issued only one class of equity shares in its paid up share capital, with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. Specific parameters to be adopted for any other classes of shares that may be issued in future, shall be adopted at that time.

8. Review

The Board shall have right to modify or amend any or all of the clauses of this policy in accordance with the provisions of the applicable laws. In case of any change in applicable laws or regulations, which make any of the clauses or provisions of this policy inconsistent with the changes, then such changes will prevail over this policy and policy shall deemed to be amended accordingly from the date of effect of change in applicable laws.

The Company's dividend payout will be determined basis available financial resources and investment requirements. Within these parameters, the Company shall ensure that the total dividend payout ratio is within the regulatory limit of maximum 50% of the net profits of the Company for the applicable financial year, subject to fulfilment of conditions as stipulated in RBI Scale Based Regulations

9. Disclosures

The Dividend Distribution Policy shall be disclosed on the website of the Company i.e. at www.piramalfinance.com.
